BLACKWOOD HODGE (CANADA) LIMITED
ANNUAL REPORT 1981

FILE

The D600D crawler tractor, rated 144 h.p., is typical of the new TEREX, with a broad line of loaders, dozers, scrapers and haulers, to fill the needs of the construction industry for off-highway earthmoving equipment. Blackwood Hodge and TEREX have been partners for more than 30 years.

REPORT TO SHAREHOLDERS

The Directors submit herewith the consolidated financial statements for the year 1981 of the Company and its subsidiary companies including the Aggregate Machinery business in Alberta and British Columbia which was purchased in February 1981.

Group sales and rentals of $140,388,000 showed an increase of 4 per cent because of the inclusion of the figures for the new subsidiary. Sales of new and used equipment were down and this reflected the low level of activity and the lack of new investments in the heavy construction and mining industries. Rentals of small tools and equipment to the building industry improved in certain locations. Servicing and Spare Parts Sales were held at 1980 levels but were below the amounts which should have been achieved in a normal year. The pattern was as we predicted in our interim reports. A continuing recession, high money costs, political and economic uncertainty, low levels of investment in both the public and the private sectors all combined to produce a comparatively low demand for our products and services. Although this also resulted in a very competitive market with margins under extreme pressure we were in fact able to increase our sales by over 4 per cent and our gross profits by nearly 6 per cent.

Operating and overhead expenses in 1981 (excluding the expenses of the new subsidiary) increased by less than 6 per cent compared with 1980 which, having regard to the national increases in wages and prices and the relatively heavy burden of bad debts and repossession losses in a very difficult year, must be regarded as very satisfactory.

Earnings before interest charges amounted to $12,151,000 compared with $13,879,000 in 1980, a decrease of about 12 per cent. This cannot be a matter for congratulations but in all the circumstances referred to above it was probably impossible to avoid.

Once again in 1981 we were faced with substantially increased borrowing costs. The increase of $2,915,000 was due not to increased borrowings but to increased interest rates. The total cost of borrowing in 1981 was $14,398,000 and amounted to more than 10 per cent of our total sales. During the year our investments in inventories and accounts receivable were reduced so that at 31 December 1981 our borrowings were some $12,000,000 less than at the previous year end. This trend should continue in 1982 but there is, of course, a limit to what can be done in this respect. Unless there is soon a substantial fall in world-wide interest rates the market as a whole will be obliged to change its pricing structure to reflect the high cost of money. In a competitive world we cannot make the necessary moves in isolation.

After making the appropriate adjustments of the provision made for income taxes the net loss for the year 1981 was $427,000 which compares with a net profit in the preceding year of $1,876,000. Having regard to this result your Directors decided not to pay a dividend.

The financial position of the Group is shown by the consolidated balance sheet at 31 December 1981. In spite of the adverse trading result for the year the position disclosed is sound, having been strengthened by the substantial reduction in borrowings.

Mr. C.M. Laidley has been named to the Board of Directors. Mr. Laidley is President of Laidley Management Corp. with extensive background in finance and corporate banking and we welcome his valuable contribution to the Board.

With regard to the prospects for 1982 we cannot pretend to be optimistic. We are projecting a profit for the year but quite clearly there are no substantial grounds for predicting any massive upturn in the Canadian economy and it is likely to be a very difficult trading period. In particular, the level of interest rates will have an important effect on the year's results.

By Order of the Board

W.A. Shapland

W.A. Shapland, Chairman

F.J. King

F.J. King, President

Toronto, 5th., March 1982

BLACKWOOD HODGE (CANADA) LIMITED
(Incorporated under The Canada Business Corporations Act)

CONSOLIDATED BALANCE SHEET

December 31	1981 ($000)	1980 ($000)
ASSETS		
Current assets:		
Cash	$ 89	$ 60
Accounts receivable	26,465	27,739
Instalment receivables	3,817	3,358
Due from affiliated companies	—	204
Inventories (Note 3)	64,689	75,959
Total current assets	95,060	107,320
Instalment receivables — due after one year	1,241	2,467
Investment in affiliated company — at cost	—	1,350
Property, plant and equipment (Note 4)	21,923	21,930
Goodwill (Note 2)	1,538	—
Total	$119,762	$133,067

Approved by the Board of Directors:
F.J. King, Director
J.G. Torrance, Director

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31	1981 ($000)	1980
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank indebtedness (Note 5)	$ 27,878	$ 24,017
Notes payable (Note 6)	20,273	28,371
Accounts payable and accrued charges	10,098	9,347
Income and other taxes payable	1,587	1,159
Due to affiliated companies	397	999
Current portion of long-term debt (Note 7)	1,091	765
Deferred income taxes	4,118	6,434
Total current liabilities	65,442	71,092
Notes payable — due after one year (Note 6)	1,198	6,492
Long-term debt (Note 7)	19,776	22,041
Deferred income taxes	1,968	1,637
Total liabilities	88,384	101,262
Shareholders' equity:		
Share capital (Note 8)	5,672	5,672
Appraisal surplus (Note 4)	6,559	6,559
Retained earnings	19,147	19,574
Total shareholders' equity	31,378	31,805
Total	$119,762	$133,067

CONSOLIDATED STATEMENT OF LOSS AND RETAINED EARNINGS

year ended December 31	1981 ($000)	1980 ($000)
Sales and rentals	$140,388	$134,779
Costs and expenses	129,558	121,816
Earnings from operations	10,830	12,963
Interest earned	1,017	916
Dividend from affiliated company	304	—
Earnings before interest charges	12,151	13,879
Interest charges — current debt	10,419	6,900
— long – term debt	3,979	4,583
Total interest charges	14,398	11,483
(Loss) earnings before income taxes	(2,247)	2,396
Income taxes (Note 9)	(1,820)	520
Net (loss) earnings for the year	(427)	1,876
Retained earnings, beginning of year	19,574	18,432
	19,147	20,308
Dividends paid	—	734
Retained earnings, end of year	19,147	19,574
(Loss) earnings per share	$ (.17)	$ .77

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

year ended December 31	1981 ($000)	1980 ($000)
WORKING CAPITAL PROVIDED		
From operations		
Net (loss) earnings	$ (427)	$ 1,876
Items not affecting working capital		
Depreciation and amortization	1,717	1,732
Deferred income taxes	331	(11)
Provided from operations	1,621	3,597
Sale of rental fleet	1,479	1,451
Decrease in instalment receivables	1,226	318
Redemption of preferred shares in affiliated company	1,350	—
Total	5,676	5,366
WORKING CAPITAL APPLIED		
Property, plant and equipment	2,845	3,165
Decrease in notes payable	5,737	5,541
Dividends	—	734
Decrease in long-term debt	2,265	437
Acquisition of affiliates, less working capital acquired	1,439	—
Total	12,286	9,887
Decrease in working capital	(6,610)	(4,511)
Working capital, beginning of year	36,228	40,739
Working capital, end of year	$ 29,618	$ 36,228

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 1981

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Blackwood Hodge Equipment Limited, and that company's wholly-owned subsidiaries:

Les Équipements Blackwood Hodge Québec Ltée.
Suntract Manufacturing Co. Limited
Aggregate Machinery Ltd.
Aggregate Machinery Manufacturing Limited

Foreign currency translation

Transactions in foreign currencies have been translated into Canadian dollars at rates prevailing at the time of the transactions, except that current assets and liabilities have been translated at the quoted rates of exchange at the end of the year.

Instalment receivables

The profit on sales which are financed by instalment sales contracts is recognized at the time of the sale and the interest earned is recognized over the term of the contract.

Valuation of inventory

Equipment for resale, parts and supplies are recorded at the lower of cost and net realizable value. Rental equipment is recorded at the lower of cost (including repairs and interest), reduced by a provision for decline in value over the terms of the respective rental agreements, and net realizable value.

Cost is on a specific-item basis for equipment and on a first-in, first-out basis for parts and supplies.

Property, plant and equipment

Equipment, rental fleet and equipment under capital leases are recorded at cost. The Company has land and buildings appraised periodically and records the resulting values at that time by eliminating accumulated depreciation and adjusting the asset accounts to appraisal value.

Depreciation is provided on the straight-line basis at the following annual rates:

Buildings	2½%
Equipment	10% – 20%
Rental Fleet	14% – 25%

Leased equipment

Equipment taken on lease on terms which transfer substantially all of the benefits and risks of ownership to the Company are accounted for as "capital leases", as though an asset had been purchased and a liability incurred. This equipment is amortized on the straight-line basis at rates from 10% to 20%. All other items of equipment or property held on lease are accounted for as operating leases.

Income taxes

Capital cost allowance for income tax purposes is claimed on rental equipment included in inventories. The excess of capital cost allowance claimed over depreciation provided in the accounts on such equipment results in a deferral of income tax which is included in current liabilities.

The non-current portion of deferred income taxes arises principally from claiming capital cost allowance for tax purposes in excess of depreciation recorded for buildings, equipment and the rental fleet.

Pensions

Pension costs are charged to earnings on a current basis.

Earnings per share

Earnings per share are calculated on the weighted-average basis.

2. ACQUISITION

The Company's wholly-owned subsidiary, Blackwood Hodge Equipment Limited, acquired for a cash consideration of $1,938,000 on February 27, 1981, the outstanding share capital of two companies, Aggregate Machinery Ltd. and Aggregate Machinery Manufacturing Limited. An amount of $1,338,000 was paid on February 27, 1981, and the balance of $600,000 is payable on March 1, 1982 and bears interest at 18¼%. The results of operations have been included in the consolidated statements since the date of acquisition. The activities of the acquired companies include the sale, rental, manufacture and service of heavy equipment for the mining and construction industries in the provinces of Alberta and British Columbia. Details of the acquisition, which have been accounted for by the purchase method are as follows:

Fixed assets	$ 149,000
Long-term liabilities	443,000
	(294,000)
Working capital acquired	499,000
Net assets	205,000
Goodwill arising from acquisition	1,733,000
Purchase price	$1,938,000

The excess of the purchase price over the fair value of the net assets acquired of $1,733,000 is being amortized on the straight-line basis over 7 years. Amortization charged to expense in the current year amounted to $195,000.

3. INVENTORIES

	1981	1980
Equipment	$45,696,000	$57,439,000
Parts and supplies	18,993,000	18,520,000
Total	$64,689,000	$75,959,000

4. PROPERTY, PLANT & EQUIPMENT

	1981	1980
Land	$ 4,936,000	$ 4,936,000
Buildings	12,355,000	12,226,000
Equipment	7,365,000	6,690,000
Rental fleet	8,099,000	7,743,000
Equipment under capital leases	1,118,000	1,112,000
	33,873,000	32,707,000
Less accumulated depreciation and amortization	11,950,000	10,777,000
	$21,923,000	$21,930,000

The amount of amortization of equipment under capital leases charged to expense is $197,000, (1980 — $204,000).

Land and buildings are recorded at their going concern value, based upon appraisals made by Bosley Farr Associates Ltd. as of December 31, 1977, with subsequent additions at cost. The excess of appraisal value over depreciated value is included in shareholders' equity.

5. BANK INDEBTEDNESS

	1981	1980
Current operating loans	$ 7,719,000	$ 4,892,000
Outstanding cheques	2,159,000	1,125,000
Bankers' acceptances	18,000,000	18,000,000
	$27,878,000	$24,017,000

Current operating loans and bankers' acceptances are secured by assignments of accounts receivable. The current operating loans bear interest to a maximum of ½% over the bank's prime rate which at December 31, 1981 was 17¼%. Bankers' acceptances bear interest at rates varying between 16.7% and 18.9% and are issued for a period of up to 69 days.

6. NOTES PAYABLE

Notes payable are secured by liens on specific items in the equipment inventory and rental fleet, bear interest at rates from 9.75% to 21.5% at December 31, 1981 and are payable within 3 to 60 months.

7. LONG-TERM DEBT

	1981	1980
Term bank loans	$17,500,000	$18,000,000
Loans — affiliated companies	2,536,000	3,922,000
Obligations under capital leases	516,000	489,000
Mortgages	315,000	395,000
	20,867,000	22,806,000
Less portion included in current liabilities	1,091,000	765,000
	$19,776,000	$22,041,000

The term bank loans bear interest to a maximum of 1% over the bank's prime rate and to the extent of $9,000,000 are secured by a collateral mortgage on certain of the land and buildings. They are repayable as follows:

June 30, 1982 & 1983	$ 750,000 per annum
May 10, 1983	$7,000,000
Dec. 31, 1983 to 1986	$2,250,000 per annum

Current operating loans, bankers' acceptances and term bank loans are guaranteed to the extent of $18,500,000 by an affiliated company, Blackwood Hodge Limited.

Loans payable to affiliated companies have no fixed terms of repayment and bear interest generally at rates from 8% to 9%. Interest on these loans amounted to $258,000 (1980 — $321,000).

Obligations under capital leases bear interest at rates from 8% to 15% and expire at varying dates to December 31, 1987. Interest on long-term debt includes $73,000 (1980 — $90,000) with respect to these obligations.

Mortgages payable are secured by various properties, are repayable within 1 to 5 years, and bear interest at rates from 7⅜% to 10½%.

The portions of long-term debt maturing within 5 years are:

1982	$ 1,091,000
1983	10,226,000
1984	2,391,000
1985	2,338,000
1986	2,285,000

NOTES (Continued)

8. SHARE CAPITAL

Authorized:
As unlimited number of common shares.
Issued and fully paid:
2,445,450 common shares
54,550 shares are reserved for issuance under the Company's employee stock option plan. Options to purchase 53,500 shares at $4.28 per share were granted in April 1980. These options may be exercised on a cumulative basis at 20% per year and expire on April 30, 1985. During 1981 and 1980 no options were exercised.

9. INCOME TAXES

	1981	1980
Deferred (reduction) increase	$(1,985,000)	$344,000
Current	165,000	176,000
	$(1,820,000)	$520,000

Income taxes for the current year have been adjusted as a result of the inventory allowance of $1,244,000 (1980 — $1,276,000) and the receipt of a dividend of $304,000 (1980 — NIL) which are deductible in arriving at taxable income.

10. COMMITMENTS

Various subsidiaries have entered into operating leases for business premises for periods up to 5 years. Annual rental costs approximate $497,000.

11. CONTINGENT LIABILITIES

The Companies are contingently liable on instalment sales contracts and customers' notes discounted amounting to $12,077,000 (1980 — $9,605,000).

12. SEGMENTED INFORMATION

The Company's dominant segment is the sale, rental, manufacture and service of heavy equipment in Canada.

13. AMALGAMATION

Effective the close of business, December 31, 1981, Aggregate Machinery Ltd. and Aggregate Machinery Manufacturing Limited amalgamated with Blackwood Hodge Equipment Limited.

14. BRITISH COLUMBIA COMPANIES ACT

The consolidated financial statements of the Company comply with the Canada Business Corporations Act, but do not necessarily comply with every regulation under Section 198 of the British Columbia Companies Act.

AUDITORS' REPORT

To the Shareholders of
Blackwood Hodge (Canada) Limited:

We have examined the consolidated balance sheet of Blackwood Hodge (Canada) Limited as at December 31, 1981 and the consolidated statements of loss and retained earnings and of changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Deloitte Haskins + Sells
Chartered Accountants

Toronto, Ontario
February 24, 1982

FIVE YEAR FINANCIAL REVIEW

($000)	1981	1980	1979	1978	1977
Sales and rentals	$140,388	$134,779	$129,868	$111,275	$108,202
Operating earnings	$ 10,830	$ 12,963	$ 12,860	$ 10,127	$ 5,851
Interest earned	1,017	916	855	717	913
Dividend from affiliated company	304	—	—	—	—
Interest expense	14,398	11,483	8,670	6,591	6,295
Income taxes (recovery of)	(1,820)	520	1,800	1,469	132
Net earnings (loss) from operations	(427)	1,876	3,245	2,784	337
Extraordinary item	—	—	617	—	—
Net earnings (loss)	$ (427)	$ 1,876	$ 3,862	$ 2,784	$ 337
Cash flow	$ 1,621	$ 3,597	$ 6,335	$ 4,851	$ 1,110
Earnings (loss) per share	(.17)	.77	1.59	1.16	.14
Dividends	—	.30	.20	—	—
Equity per share	12.83	13.01	12.54	11.27	10.11
Shareholders' equity	31,378	31,805	30,663	27,162	24,361
Working capital	29,228	36,228	40,739	22,801	7,028
Total assets	$119,762	$133,067	$134,123	$114,253	$102,261

The Model MT425-30 rear dump truck is a recent addition to the rugged Wagner line noted for trouble-free, efficient operation in underground mines. The unit follows in the tradition established by the Scooptram® and other specialized Wagner equipment that has long played a vital role in the Canadian mining industry.

CORPORATE INFORMATION and LOCATIONS

BLACKWOOD HODGE (CANADA) LIMITED

DIRECTORS

W.A. Shapland
F.J. King
F.G Mundy
R. Thacker
C.L. Ferguson
J.G. Torrance
C.M. Laidley

OFFICERS

Chairman	W.A. Shapland
President	F.J. King
Vice President Finance and Administration	F.G. Mundy
Secretary	N.E. Warry

BLACKWOOD HODGE EQUIPMENT LIMITED

Vice President – Co-ordinator – Parts and Service	G.F. Lambert
Co-ordinator – Marketing	S. Hagen

ONTARIO DIVISION

Vice President – Manager Southern Operations	V.T. Ward
Vice President – Manager Northern Operations	F.J. Castron

ATLANTIC DIVISION

Vice President – General Manager	D.G. Roberts

MID-WEST DIVISION

Vice President – General Manager	J.R. Letwin
Vice President – Customer Services	G.K. Robson

AGGREGATE MACHINERY DIVISION

General Manager	M.A. Downey

LES ÉQUIPEMENTS BLACKWOOD HODGE QUÉBEC LTÉE.

Vice President – Finance and Administration	R. Manetta
Vice President – Customer Services	W. Hachey

SUNTRACT RENTALS DIVISION

Vice President – General Manager	T.H. Hamilton

SUNTRACT MANUFACTURING CO. LIMITED

President	R.B. Deschamps

BANKERS	Canadian Imperial Bank of Commerce
AUDITORS	Deloitte Haskins + Sells Chartered Accountants
SOLICITORS	Smith, Lyons, Torrance, Stevenson & Mayer
REGISTRAR AND TRANSFER AGENT	National Trust Company Limited
STOCK EXCHANGES	Toronto Stock Exchange Montreal Stock Exchange

HEAD OFFICE: 10 Suntract Road, Weston, Ontario M9N 3N5.
Tel.: (416) 244-2531

MAILING ADDRESS: P.O. Box 1004, Station A, Weston, Ontario M9N 3N5.

CABLE ADDRESS: Suntract Toronto, Telex No. 069-65801.

BLACKWOOD HODGE EQUIPMENT LIMITED

ONTARIO DIVISION
10 Suntract Road, P.O. Box 1004, Station A, Weston, Ontario M9N 3N5.
Tel.: (416) 244-2531
Branches: London, Ottawa, Sudbury, Timmins, Sault Ste. Marie and Elliot Lake, Ontario.

ATLANTIC DIVISION
10 Wright Avenue, P.O. Box 816, Burnside Industrial Park, Dartmouth, Nova Scotia B2Y 3Z3.
Tel.: (902) 463-5010
Branches: Moncton, New Brunswick and St. John's, Newfoundland.

MID-WEST DIVISION
Highway 6 North, P.O. Box 1427, Regina, Saskatchewan S4P 3C2.
Tel.: (306) 543-6355
Branches: Saskatoon, and Prince Albert, Saskatchewan, Winnipeg, Manitoba and Thunder Bay, Ontario.

AGGREGATE MACHINERY DIVISION
21010 - 108th Avenue, West Wind Industrial Park, Edmonton, Alberta T6H 4N8.
Tel.: (403) 483-4161
Branches: Calgary, Alberta, Surrey and Vernon, British Columbia.

SUNTRACT RENTALS DIVISION
163 Carlingview Drive, Rexdale, Ontario M9W 5E7.
Tel.: (416) 675-7090
Branches: Scarborough, Hamilton, Oakville, Ottawa, Kingston, Sudbury, Thunder Bay, London, Waterloo, Guelph, Brantford, Elliot Lake and Timmins, Ontario.

LES ÉQUIPEMENTS BLACKWOOD HODGE QUÉBEC LTÉE.
1945 55th Avenue, Dorval, Québec H9P 1G9.
Tel.: (514) 636-1220
Branches: Ste-Foy, Black Lake, Val d'Or, Jonquière, Québec and Labrador City, Newfoundland.

SUNTRACT MANUFACTURING CO. LIMITED

3820 Midland Avenue, P.O. Box 292, Agincourt, Ontario M1S 3B9.
Tel.: (416) 291-3778

PRODUCTS

Equipment manufacturers whose products are sold, leased or rented by Blackwood Hodge in Canada are listed below. The industries we serve are mining, road building and maintenance, aggregate producing, forestry and in the construction of energy, civil engineering and building projects.

TEREX CORPORATION
IBH HOLDING AG.
Earthmoving equipment.
Crawler tractors, rubber tired dozers, crawler loaders, rubber tired loaders, log loaders, scrapers and rear dumps.

Terex products are distributed in Saskatchewan, Manitoba, Ontario, Quebec, Labrador and the Atlantic provinces.

CEDARAPIDS - EL-JAY
IOWA MANUFACTURING CO.
SUBSIDIARY OF RAYTHON COMPANY
Aggregate producing and waste processing equipment.
Asphalt mixing, pavers and rollers.

Cedarapids, El-Jay products are distributed in Saskatchewan, Manitoba, Ontario, Quebec and the Atlantic provinces and in Alberta and British Columbia by Aggregate Machinery Division.

SUNTRACT
SUNTRACT MANUFACTURING CO. LIMITED
Stationary and portable crushing and screening equipment for the aggregate industry, conveyors and storage silos, bulk material handling equipment and custom steel fabrications.

Suntract products are distributed by Blackwood Hodge in Saskatchewan, Manitoba, Ontario, Quebec and the Atlantic provinces.

WAGNER
WAGNER MINING EQUIPMENT COMPANY
A DIVISION OF PACCAR CO.
Underground mining and tunneling vehicles.
Scooptrams, Teletrams, trucks and utility vehicles.

Wagner products are distributed in Manitoba, Ontario, Quebec and the Atlantic provinces.

RAYGO
RAYGO
Self-propelled vibratory compactors.
Earth and landfield compactors, asphalt rollers and pavement milling machines by Barco.

RayGo products are distributed in Saskatchewan. Manitoba, Ontario, Quebec and the Atlantic provinces.

CHAMPION
CHAMPION ROAD MACHINERY LIMITED
Motor graders, 20,000 lbs. (95 h.p.), to 38,000 lbs. (240 h.p.).

Champion products are distributed in Northwestern Ontario and Nova Scotia.

DROTT-POCLAIN
J.I. CASE COMPANY - DROTT DIVISION
Hydraulic excavators (crawler and rubber-tire mounted), carry-deck cranes, and front shovels.

Drott-Poclain products are distributed in Quebec.

EAGLE
EAGLE IRON WORKS
Specialized washing equipment, sand, stone, clay and ore processing.

Distributed in Saskatchewan, Manitoba, Ontario, Quebec and the Atlantic provinces.

ESCO
ESCO LIMITED
Manganese wear parts, buckets, teeth and adapters.

Esco products are distributed in Quebec, Labrador and Manitoba.

GOMACO
GOMACO CORPORATION
Concrete Construction Equipment.

Gomaco products are distributed in Ontario and Manitoba.

GOODYEAR
GOODYEAR CANADA INC.
Plylon and steel cable conveyor belting, total belt service and air and liquid mine hose.

Distributed in Northern Ontario.

MARION-DRESSER
MARION POWER SHOVEL COMPANY
DIVISION DRESSER INDUSTRIES, INC.
Mining shovels and drills.

Distributed in Ontario, Quebec and Labrador.

MOUNTAIN LOGGER
MOUNTAIN MANUFACTURING CO. INC.
Cable and grapple skidders.

Distributed across Canada.

MWM-MURPHY DIESEL
MURPHY DIESEL COMPANY
Air and liquid cooled diesel engines, marine engines and generator sets.

Distributed in Ontario and Quebec.

NORTHWEST
NORTHWEST ENGINEERING COMPANY
Draglines, cranes and shovels.

Distributed in Ontario, Manitoba and Quebec.

RAYGO-WAGNER
SUBSIDIARY OF RAYGO INCORPORATED
Industrial and forestry material handling equipment, log stackers, chipdozers, container handlers and steel product handling equipment.

Distributed in Saskatchewan, Manitoba, Ontario and Quebec.

Suntract Manufacturing Co. Limited, the manufacturing arm of Blackwood Hodge, has specialized in custom fabrication, platework and aggregate equipment for over 25 years. Structures and platework on this large screening plant installation were supplied by Suntract.

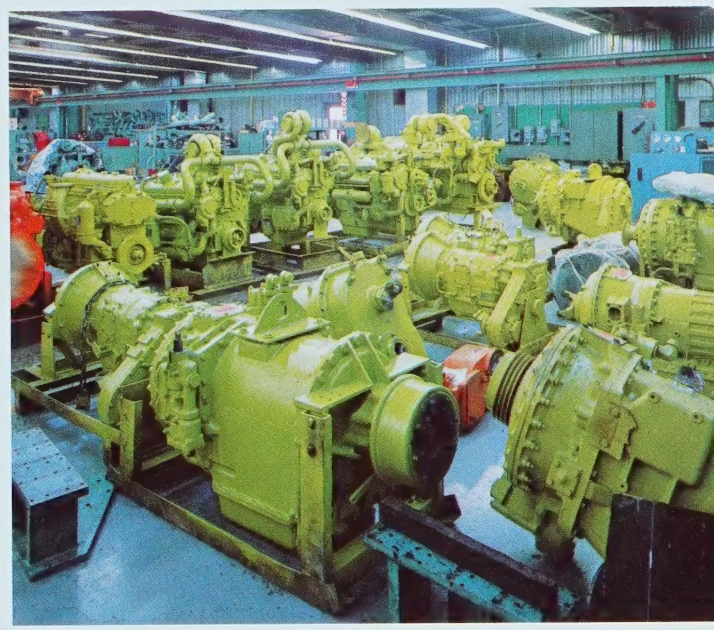
Cedarapids / El-Jay builds practically every piece of equipment needed to turn rock into the finest road surface, and it's all distributed and serviced across Canada by Blackwood Hodge. This Model 1274 portable crushing and screening plant features a 54 in El-Jay Rollercone®.

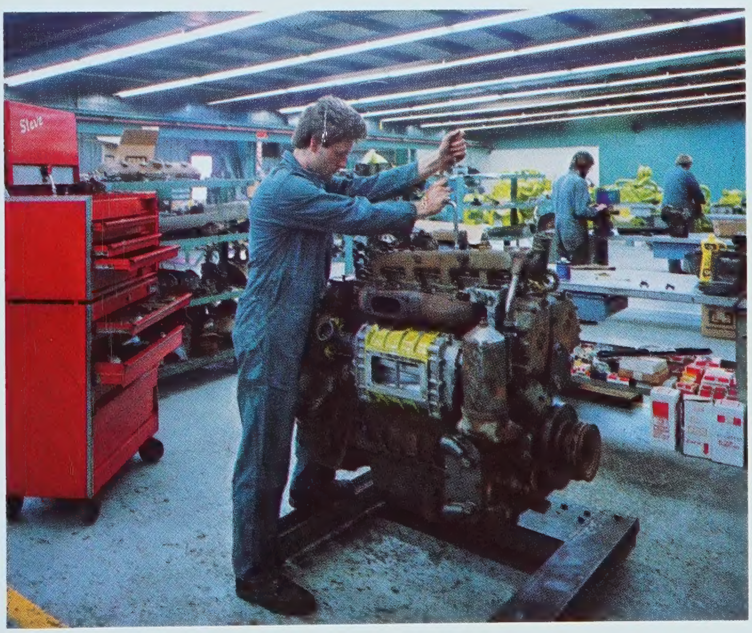
Operating in all weather conditions and terrain, this 3.25 cu. yd. front end loader, Model 72-31B is part of the extended line of earthmoving equipment from the new TEREX, sold and serviced throughout the world by Blackwood Hodge.

The solution to the problems of shrinking roadway maintenance budgets due to inflation, increasing energy costs and diminishing aggregate supplies is the Asphalt Drum Mix plant developed by Cedarapids. This proven and flexible equipment enables reclaimed asphalt material to be effectively recycled in a wide range of hot mixes, or it can be used with new material. Illustrated is the Model 8828 ADM.

Recently introduced to North America by Cedarapids and distributed across Canada by Blackwood Hodge is the Wirtgen line of asphalt road surface rehabilitation machinery. Wirtgen equipment has earned a world-wide reputation for dependable, trouble-free operation, high production rates and low maintenance costs due to its superior design.

PRODUCT SUPPORT





Blackwood Hodge Canada Limited is committed to serving its many customers with the finest products, and is constantly striving to supply the demands of Canadian companies for specialized equipment. Service centres at strategic locations are staffed by factory trained technicians and machinists to provide routine and emergency on-the-job maintenance. Parts inventory and scheduling are controlled by an on-line computer network linking all service centres so as to provide efficient service with the minimum of equipment down time.

SUNTRACT RENTALS

Suntract Rentals, a Division of Blackwood Hodge Equipment Limited, specializes in the rental, sales and service of a complete range of small to medium sized equipment.

With fourteen strategically located outlets, Suntract Rentals provides one of the most extensive sources of rental equipment and is well placed to meet the particular needs of contractors and industries throughout Ontario.

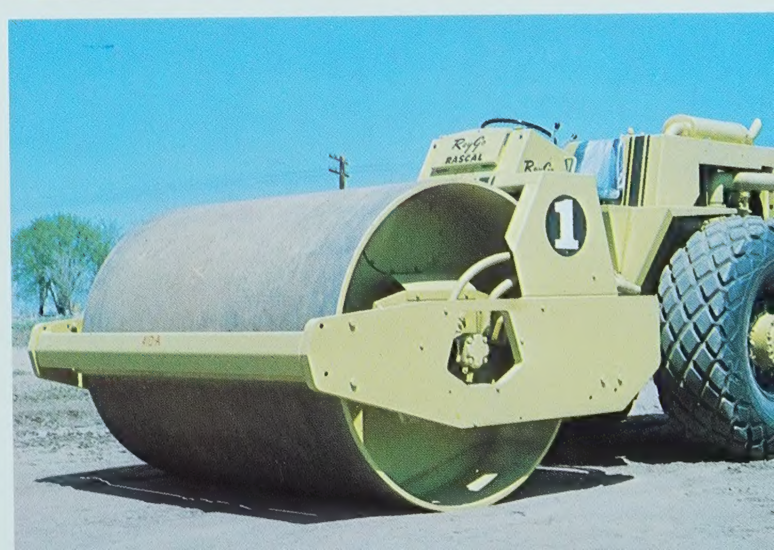
All branches of the organization are linked together by a communications system to serve the changing requirements of their many customers. The wide range of equipment available includes compactors, pumps, air compressors, heaters, generators, air tools and accessories, concrete and masonry equipment, loaders and electric tools. The maintenance of this equipment represents a vital aspect of the operation which is performed in the facilities of Suntract Rentals or in conjunction with the other branches of the Company. Suntract Rentals operates as a separate entity but continues the Blackwood Hodge policy of total service to its many customers.

The heavy equipment market has been adversely affected by the general slowdown in the construction and house building industries due to high interest costs, however, the rental operation provides a valuable contribution to the overall Company performance. The organization is always prepared to serve the construction industry with the right equipment at the most convenient location.

Suntract Rentals has emerged as a respected supplier not only to the construction trades but to local industries as well. The skilled and dedicated staff, who understand the rental market are able to meet the constantly changing needs of the contractors and their many projects.


REXO-THERM
SKILSAN


TOWERLITE
SUNTRACT RENTALS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